

COBRA



Learning Objectives

- COBRA overview
- Plans subject to COBRA
- COBRA eligibility
- Notification and timing requirements
- Roles and responsibilities
- Non-compliance penalties

COBRA Overview

- The Consolidated Omnibus Budget Reconciliation Act (COBRA) is a federal law that requires certain group plans to provide individuals and their families the right to continue their group coverage, under certain circumstances (e.g., loss of coverage) for a specified period of time
- Group health plans maintained by state or local governments and private sector employers with 20 or more employees

Plans Subject To COBRA

Health

Dental

Vision

FlexElect Medical
Reimbursement
Account (MRA)

Bargaining Unit Exceptions

Bargaining Unit 5

COBRA enrollment forms must be sent to the California Association of Highway Patrolmen (CAHP) Dental Trust

Contact CAHP for additional information

Bargaining Unit 6

Send all COBRA enrollment forms to the CCPOA Benefit Trust

Contact CCPOA for additional information

Who is eligible for COBRA?

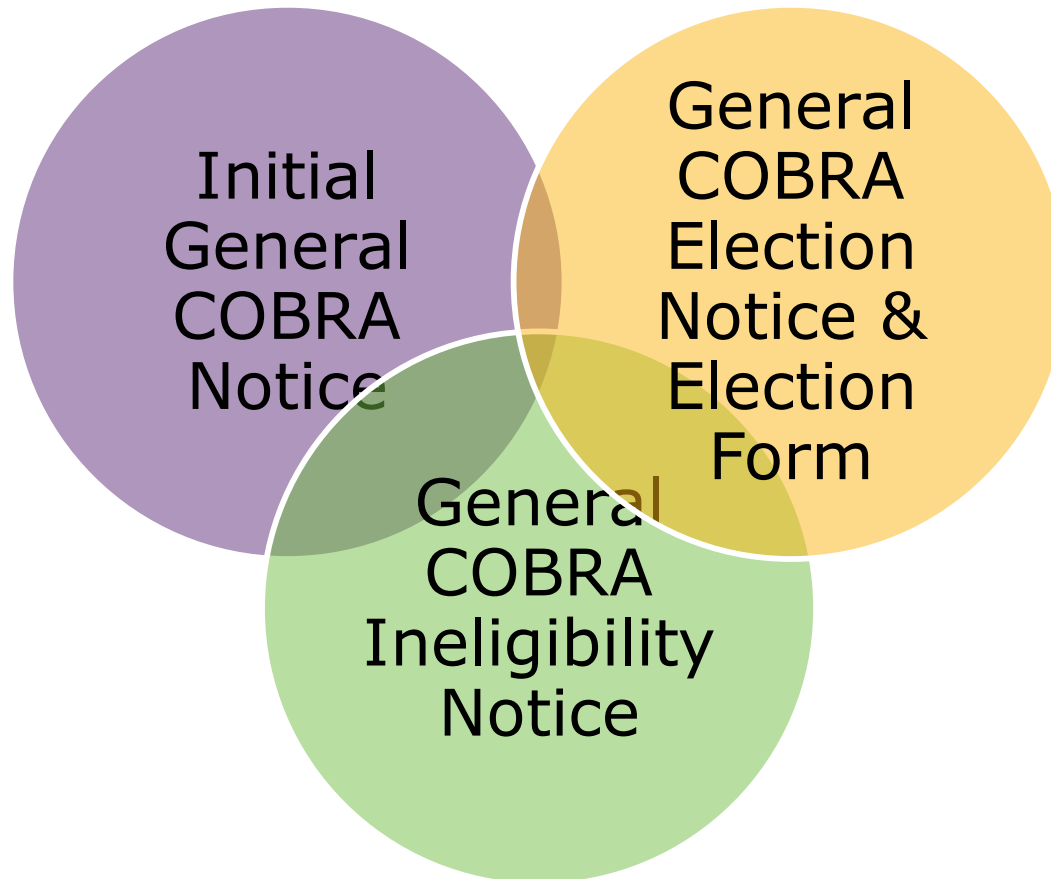
Eligible

- Employees
- Spouses/Domestic Partners (CA law, not only federal)
- Dependent Children (including NMSN or QMCSO)

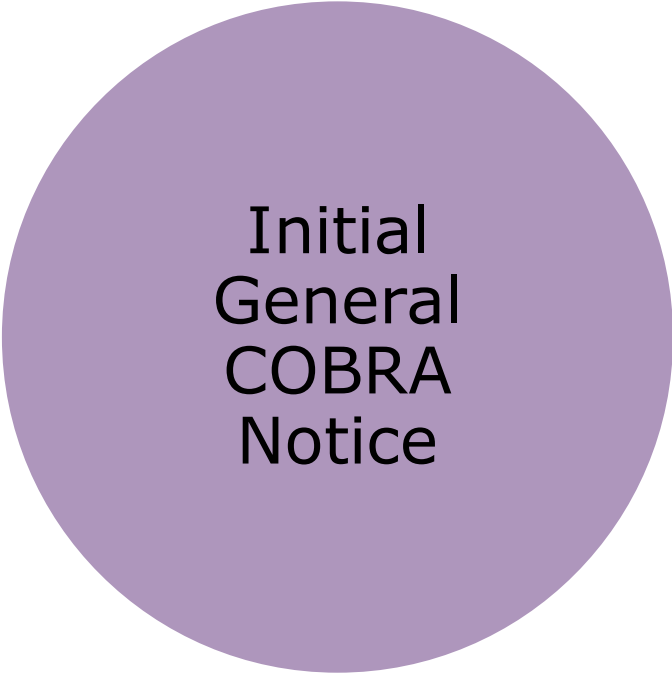
Ineligible

- Non-resident alien (no U.S. income)
- Individuals that begin coverage under another group health plan
- Individuals terminated for gross misconduct

COBRA Notification Requirements



Initial General COBRA Notice



Initial
General
COBRA
Notice

- Provides a summary of their rights and notification responsibilities under COBRA
- Addresses all COBRA eligible enrolled individuals
- Must be provided within 90 days from coverage start date

New Hire Sample Timeline

January 6, 2021

Employee
Appointed to a
Permanent Full
Time Position

April 30, 2021

Initial General
COBRA Notice Due
(within 90 days)

February 1, 2021

Employee Start
Date of Benefits

See BAM Section 400 – Attachment A

Approved COBRA Delivery Methods

First Class Mail (Preferred)

- Proof a receipt not required
- Considered good faith compliance

Second & Third Class Mail

- Acceptable
- Does not provide the same guarantees of forwarding/return mail

Hand Delivery

- Requires employee signature as proof of notice receipt
- Does not meet compliance for dependents

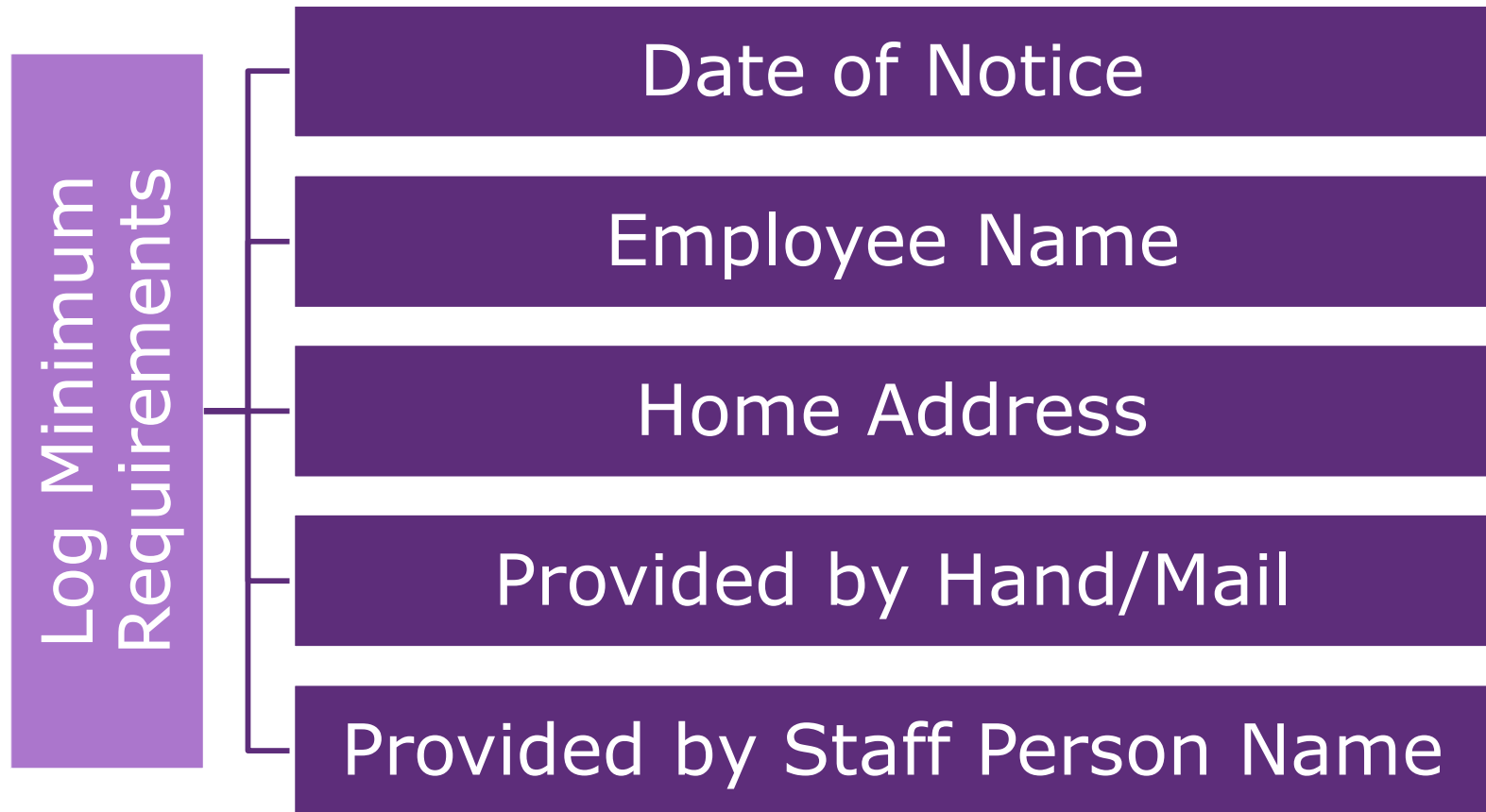
Electronic Delivery (Email)

- May be used to ensure receipt of initial notice
- Does not meet compliance for dependents

Single Notice Rule

- A single notice sent first class mail to the last known address is considered good faith compliance
 - Must be addressed to the employee, spouse or domestic partner
 - Notification to the covered spouse or domestic partner is generally deemed notification to the covered dependent children who reside at the same address (including any dependent children covered in the future)
 - To provide reasonable notice to those eligible, note the enrolled dependents by name on the initial general notice
 - A separate notice is required when the personnel office is aware that covered individuals reside at a different address

Initial General COBRA Notice Log



Qualifying Events & Duration of Benefits

18 Months

- Voluntary termination
- Involuntary termination (excluding gross misconduct)
- Reduction of work hours (resulting a loss of coverage)

36 Months

- Divorce, legal separation or termination of domestic partnership (CA, not federal)
- Child ceases to be a dependent (e.g., child turns 26)
- Employee becomes entitled to Medicare
- Death of employee

Leaves of Absence

- Unpaid Leave of Absence
- Family and Medical Leave Act (FMLA)
- Uniform Services Employment and Reemployment Rights Act (USERRA)

Retirement

- When the terms and conditions of a retiree benefit plan are different than the terms and conditions in place for active employees, the retiree plan is considered alternate coverage and COBRA is offered
 - Delta Dental PPO plus Premier

COBRA Election Notice/Election Form

- When a covered individual experiences a COBRA qualifying event AND has a loss of coverage, the personnel office is required to send an election notice and election form
 - Applies to the covered individuals (e.g., employee, spouse, domestic partner, and dependent children)
 - Provides them their right to elect COBRA continuation coverage
 - Must be sent no later than 14 calendar days from the date of the qualifying event or loss of coverage

COBRA Election Notice/Election Form, 2

- Election Form must be signed and returned to the personnel office by the date reflected in the Election Notice/Election Form to confirm that COBRA continuation coverage has been elected

*See Attachment B – Sample COBRA Election Notice and
Attachment C – sample COBRA Continuation Election Form in
Section 400 of the BAM*

COBRA Qualifying Event Notification Responsibilities

Personnel Office

- Send required notices within 14 days of qualified event/loss of coverage
- Monitor election timelines

Covered Employee, Spouse, Domestic Partner

- Notify personnel office of qualifying events
- Must report within 60 days from date of qualifying event

Personnel offices must take action for qualifying events they are aware of, but not reported by the employee (e.g., child turns 26)

COBRA Premium Payments

Premium Payment

- Cost for coverage will be 100% of the total premium plus a 2% administration fee
- Paid monthly by the enrollee to the plan or its designee

Retroactive Premium Payment

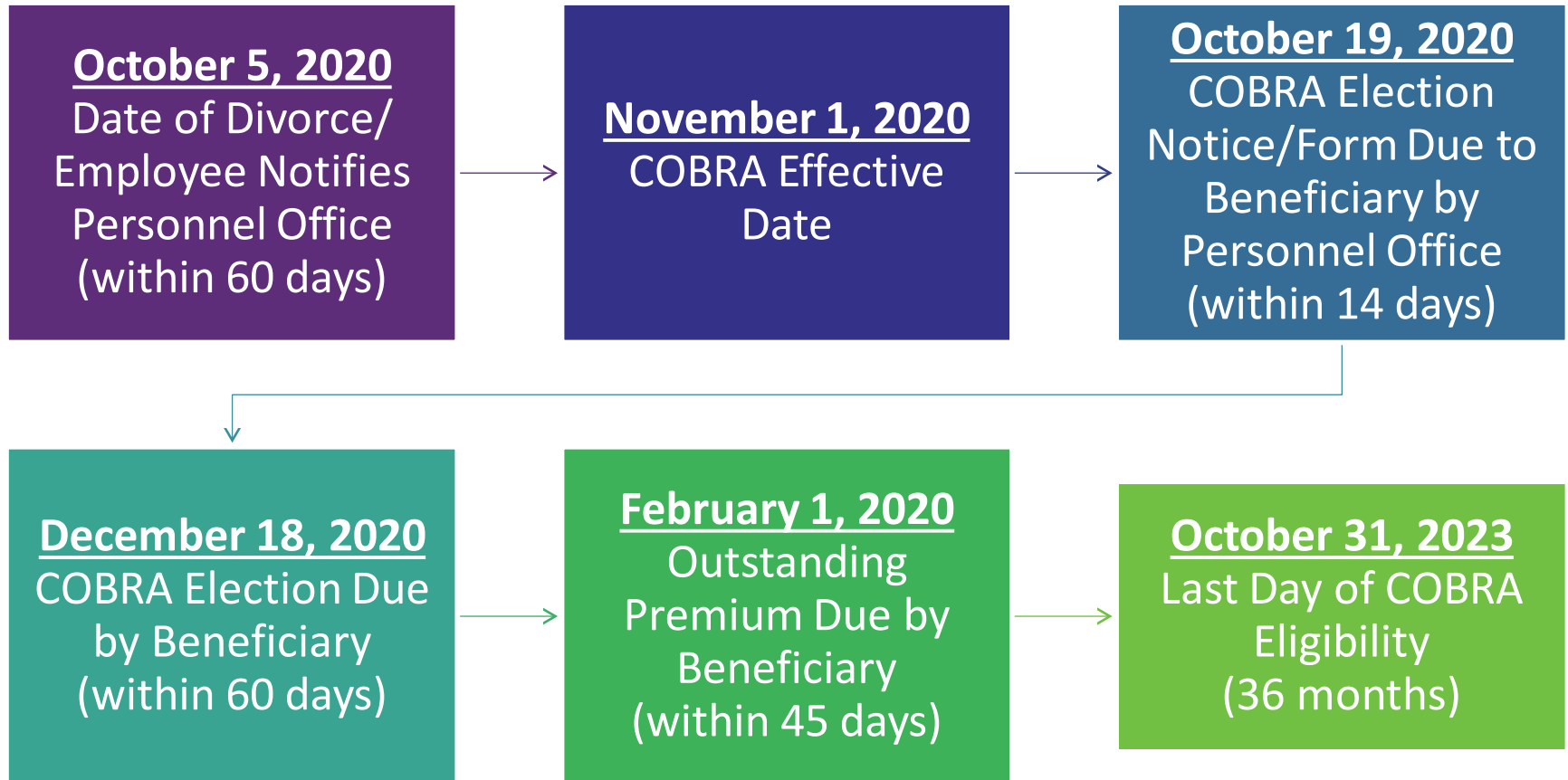
- Enrollee has 45 calendar days from the date of election to pay all retroactive premiums to the plan or its designee
- Covers the period from the date of loss of coverage to the date of election
- Claims occurring during the months of retroactivity will be held pending payment

Health Insurance Premium Payment (HIPP) Program

- The California Department of Health Care Services may pay health insurance premiums for certain persons:
 - Individuals eligible for Medi-Cal
 - Individuals disabled by HIV/AIDS

Submit questions to the Department of Health Care Services at HIPP@dhcs.ca.gov or by fax at 916-440-5676

Qualifying Event Sample Timeline



Notice of Unavailability of Continuation Coverage

- Applies when an individual is not entitled to elect continuation coverage, (e.g., gross misconduct or employee misses 60-day notification period missed to personnel office)
- Personnel offices must send notice within 14 days to explain why they are not entitled to COBRA

See Attachment D – Sample Notice of Unavailability of Continuation Coverage in Section 400 of the BAM

Non-Compliance Penalties & Fines

- Departments are responsible complying with COBRA law
 - Includes sending required notices to appropriate parties in a timely manner and keeping records up-to-date
- Best practices to limit potential COBRA violations:
 - Train staff on COBRA requirements
 - Maintain internal COBRA standard operating procedures
 - Maintain current copies of COBRA notices
 - Implement an audit program

Penalty & Fine Scenario

Scenario

- Employee terminates employment on 1/31/2020
- Employee, spouse and two children lose health coverage on 3/1/2020
- Notified 5/1/2020
- 47 day delay

IRS Excise Tax

- \$100 per day, per affected individual, per violation (capped at \$200 per family)
- 47 days x \$200 = \$9,400
- Payable to the IRS

PHSA

- Sued in federal court
- Appropriate equitable relief (including out-of-pocket expenses)

Statute of Limitations

- There is no expressed statute of limitation on COBRA violations
- A six (6) year period to maintain COBRA documentation is recommended

COBRA – Plan Contact Information

- BAM Section 421 provides the plan addresses and phone numbers
- Send enrollment forms and premium payments to the addresses listed
- COBRA Questions - Contact the CalHR Main Benefits line at (916) 322-0300 or email COBRA@calhr.ca.gov

Quick Reference - Required Notices

Initial General COBRA Notice

- Due within 90 days from when coverage begins
- Send to all individuals covered under a COBRA eligible plan

COBRA Election Notice & Form

- Due within 14 days of a qualifying event/loss of coverage
- Send to all individuals losing coverage under a COBRA qualified plan

Notice of Unavailability of Continuation Coverage

- Due within 14 days of qualifying event/loss of coverage
- Send to all individuals that are ineligible for COBRA (e.g., misconduct, timing)

Quick Reference – Employee and Qualified Beneficiary Responsibilities

60 Days

- From date of qualifying event/loss of coverage to notify personnel office

60 Days

- From election notice/form to elect coverage

45 Days

- From date of election to pay all retroactive premiums

Resources

- Human Resources Manual
- Benefits Administration Manual
- Website(s)
- Forms